
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE
PHONE (317) 232-3777
FAX (317) 232-8779



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204

To: Mike Smith, Assistant Director, State Budget Agency

From: Jeffrey A. Volz, Director of Operations

Date: June 4, 2009

Re: Cost-Benefit Analysis for LSA Doc. #09-258

Copy: Christopher Atkins, General Counsel, OMB

Pursuant to Executive Order 05-02 and Financial Management Circular 2006-02, the Department of Local Government Finance ("Department") submits the following cost-benefit analysis and requests approval of the attached proposed rule which repeals 50 IAC 23 and adopts 50 IAC 26 establishing software standards for a common property tax management system (LSA Doc. #09-258).

Statement of Need

The Department finds the rule necessary to refresh software data standards originally adopted in 50 IAC 23. With the changes to property taxation law since 50 IAC 23 was originally adopted, the Department has determined that the original data standards are insufficient to allow us to capture the information we need to conduct good property taxation data analysis, and some data elements that have been required are not important to us and create confusion for counties. The new proposed rule adds additional clarifications designed to make it easier for counties and their software vendors to provide the data needed by the Department and Legislative Services Agency ("LSA"). The proposed rule will also incorporate data checks designed to validate the quality of the county's property tax data and thus provide an important measure of confidence that the Department and LSA are working with good property tax data.

Evaluation of Benefits and Costs

We expect the proposed rule to yield cleaner data from counties, and also to make the data-gathering and compliance process smoother as the counties and vendors have a clearer understanding of what data to provide and how to do it. The cleaner data, along with the necessary additional fields needed for new dimensions of analysis, will mean that the Department and LSA will be able to provide more robust analysis of property assessment and taxation data. In addition, almost all data elements being requested by the proposed rule are public record, and as such we can make them available to the general public. Increased access to data and greater confidence in this data will instill a greater degree of transparency to the public.

The proposed rule is expected to result in some costs, most prominently for the software vendors operating in the state, as they will need to adapt their data extraction programming to meet these new standards. However, the proposed rule has been constructed with an eye toward preserving large portions of the existing data standards, so while some development work and cost is expected, the Department does not anticipate that any currently-certified vendor will need to undertake a major, costly development effort to comply with this proposed rule.

Examination of Alternatives

The alternative to the proposed rule is to preserve the status quo, keeping 50 IAC 23 intact. Unfortunately, with the various changes in property tax statute since the original adoption of 50 IAC 23 in 2006, if these data standards are not updated to capture the data needed under the current property taxation system, the Department and LSA would be doing a disservice to state and local decision makers, as well as the general public. New data elements capturing the impact of the tax caps would not be captured in county data submissions and the Department and LSA would have a difficult time obtaining this information. Also, the proposed rule makes many clarifications and corrections to 50 IAC 23, many of which are expected to make the data submission process easier to understand for counties and vendors, and also will result in more usable data for the Department and LSA. In short, while we have examined the alternative, we believe the adoption of the proposed rule is in the best interests of all parties affected as it solves a number of problems with the current rule, and also allows the Department and LSA to stay abreast of the current property tax environment and to capture the data needed to perform strong analysis and prepare salient policy analysis and recommendations.